

Message Text

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43

ACTION EB-03

INFO OCT-01 SS-14 ISO-00 XMB-01 TRSE-00 NSC-05 NSCE-00

INR-05 CIAE-00 L-01 PRS-01 ARA-08 EUR-08 /047 W

----- 076656

R 281410Z APR 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 8903

INFO AMEMBASSY BONN

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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LIMDIS

PASS EXIM AND TREASURY (OASIA)

E. O. 11652: N/A

TAGS: ETRD, EIND, BR

SUBJECT: STEEL EXPANSION PROGRAM: GERMAN FINANCING

1. EMBASSY HAS RECEIVED MEMORANDUM FROM RIO REPRESENTATIVE OF MAJOR US COMPANY CONCERNING FINANCING TERMS ALLEGEDLY OFFERED BY FRG TO USIMINAS AND TWO OTHER BRAZILIAN STEEL MILLS. MEMO STATES FOLLOWING DETAILS ON TERMS OFFERED:

A - GERMAN PRIVATE BANKS WILL GRANT LOAN FOR REPAYMENT AT END OF THREE YEAR PERIOD;

B - GERMAN GOVERNMENT, STAYING WITHIN BERNE UNION AGREEMENT, WILL OFFER LOAN FOR REPAYMENT OVER 12 YEAR PERIOD;

C - FRG LENDING INSTITUTIONS WILL GIVE DOCUMENT TO THE BORROWER WHICH GUARANTEES INTEREST RATE THAT THE 12 YEAR LOAN WILL CARRY WHEN IT IS SIGNED AND IN OPERATION THREE YEARS AFTER THE GERMAN PRIVATE BANK LOAN AGREEMENT IS SIGNED;

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D - GERMAN PRIVATE BANK LOAN WILL BE FULLY REPAID FROM
PROCEEDS OF FRG LENDING INSTITUTION 12 YEAR LOAN.

2. SOURCE DID NOT HAVE FURTHER INFORMATION ON DETAILS
OF GUARANTEES TO BE GIVEN TO GERMAN BANKS OR ON HOW
PACKAGE WAS PRESENTED TO BRAZILIAN AUTHORITIES.

3. SOURCE EXPRESSED GREAT CONCERN THAT THROUGH THIS
ARRANGEMENT GERMANS WERE OFFERING 15 YEAR FINANCING,
PLACING US SUPPLIERS AT SEVERE COMPETITIVE DISADVANTAGE
UNLESS EXIM CAN MATCH THESE TERMS.
CRIMMINS

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRIAL DEVELOPMENT, ECONOMIC ASSISTANCE, STEEL PLANTS, CREDIT AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 APR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BRASIL03230
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750148-0768
From: BRASILIA
Handling Restrictions: n/a
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Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
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Previous Handling Restrictions: LIMDIS
Reference: n/a
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Review Comment: n/a
Review Content Flags:
Review Date: 30 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 MAY 2003 by CunninFX>; APPROVED <06 OCT 2003 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
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EO Systematic Review
05 JUL 2006

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